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1981/06/04



DEPARTMENT OF STATE
BRIEFING MEMORANDUM

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TO: The Secretary

FROM: EA - John H. Holdridge *JH*

SUBJECT: Scope Paper for Your Visit to China,
June 14-17, 1981

I. SUMMARY:

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Your purpose is to reinforce Beijing's commitment to close US-PRC ties and to restore momentum to the relationship, while reaching a modus vivendi on Taiwan. You can achieve this by: 1) informing Beijing firsthand of President Reagan's determination to restore American strength and leadership, and stressing our parallel objectives in the global battle against Soviet and Soviet-proxy expansionism; 2) explaining the Administration's intention to treat China as a friendly, non-allied country; and 3) conveying our plans to liberalize U.S. export controls. These steps should also enable you to gain flexibility for steps we may later take with Taiwan.

II. OBJECTIVES:

1. To impress upon the Chinese that the United States is now pursuing a comprehensive policy designed to counter expansionism by the Soviet Union and its proxies, to outline the improvements in US military capabilities and plans, and to underscore our commitment to strengthen our ties with allies and friends.

2. To discuss in detail and coordinate where appropriate our approaches to Asian regional issues (Northeast Asia, Southeast Asia, Southwest Asia/Indian Ocean) and to Third World problems (the Caribbean/Central America, the Middle East, Africa.)

3. To convey a new conceptual basis for a more durable US-Chinese relationship built upon strategic association, under which the US will treat China as a friendly non-allied country, and to demonstrate this concretely by modifying restrictive legislation and regulations on export controls.

4. To reach a modus vivendi on the Taiwan issue, including the parameters of our unofficial relationship and

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arms sales, while seeking China's reaffirmation of its resolve to use only peaceful methods to settle the issue.

III. SETTING:

Your visit -- the first to China by a Secretary of State since August, 1977 -- occurs at a time of important transition in China. Deng Xiaoping and his reformist coalition are trying to build a stable institutional base for continuity of policy and personnel. They have turned sharply away from ideological dogmatism and toward a pragmatic approach to modernization. There is some opposition, particularly in the military, to these reforms and their social consequences. But thus far China remains on a steady course.

The Sixth Plenum of the Chinese Communist Party's 11th Congress may be in progress or about to begin as you arrive. If the results follow Deng's agenda, this meeting will confirm current policy directions.

Deng and the reformers need to be able to point to benefits from the US connection in strategic and economic terms, as well as on the Taiwan issue. They will welcome you warmly and want your visit to succeed. They regard very favorably the priorities and directions of the Administration's foreign policy. They will be looking for evidence of our resolve to meet the Soviet global challenge and our willingness to consult closely with them and take coordinated action where appropriate. They will urge more effective support for Pakistan and the resistance in Afghanistan and Kampuchea.

They will welcome evidence of US willingness to treat them as a friendly country and to take concrete actions to bolster China against Soviet pressure. Such evidence would validate their argument that China's most effective path to modernization lies in association with us. What worries them most is the possibility of an upgrading of our dealings with Taiwan that could undermine our broader strategic cooperation.

The Chinese do not have a sophisticated understanding of the US political system. They were perplexed by our decision to lift the grain embargo, both because they see it as inconsistent with maintaining maximum pressure against Moscow, and because they fear that the influence of US

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-3-

domestic political forces could also work against their direct interests by tilting US policy toward Taiwan.

The Chinese will seek reassurance that the U.S. will not deal with Taiwan in ways that would undercut their efforts to reunify China by peaceful means. They regard US arms sales to Taiwan as having precisely this effect. They also fear that some Americans believe the US can afford to neglect Chinese sensitivities over Taiwan. One of their key objectives will be to convince you that the Taiwan issue is an essential thread in bilateral relations which, if mishandled, could unravel the larger fabric.

Despite these dangers, your visit is a significant opportunity for both sides because of our wide areas of agreement and our common interest in achieving a broader cooperative relationship. Your discussions will determine the shape of the US-China relationship for months and years to come.

ANALYSIS:

1. Global Policy. The Chinese want to know specific steps we are taking to build up our defense capabilities, strengthen our alliances, especially in Europe, and deprive Moscow of opportunities for further strategic gains. We should seek a similar Chinese overview on global issues.

2. Regional Issues. In Northeast Asia, the Chinese consider the US-Japan relationship crucial to their own security and to stability in the region. They will welcome a readout on recent US-Japan consultations. On Korea, the Chinese endorse North Korea's call for "peaceful" reunification but have also stressed that they favor "stability" on the Korean Peninsula.

We should note our continued commitment to South Korea's security and our support for reduced tensions, and seek their endorsement for stability on the Peninsula.

-- In Southeast Asia, Beijing maintains direct pressure on Vietnam on the border and vigorously supports anti-Vietnamese resistance in Kampuchea. You should voice support for this, and say we will do our part by maintaining our commitment to Thai security, preserving DK seating in the UN, fostering maximum international pressure to isolate Hanoi,

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The Chinese will probably seek direct US support for the resistance effort. You should avoid any commitment on that or on a direct US role in brokering a coalition or eventual settlement. You can offer to be politically helpful to non-DK resistance groups (e.g. Son Sann) in the context of a broader and more effective effort to achieve a political solution.

The Chinese have reduced their support for Communist insurgencies in Southeast Asia. But this issue remains an irritant to the governments of the region impeding closer cooperation between China and those governments. You should urge the Chinese to phase out such support completely.

The Chinese would like a preview on the key issues you will be discussing in Manila and Wellington.

-- On South and Southwest Asia.

You should seek to draw them out on their activities regarding Afghanistan and Pakistan. You should seek to learn their objectives for Foreign Minister Huang Hua's visit to India in late June.

-- In the Third World generally, our common concerns have produced parallel policies in many areas, but there are limits to how much China will do on our behalf.

You should seek to allay Chinese concerns that US contacts with South Africa may provide opportunities for Soviet inroads by raising anxieties in Black Africa.

3. Strategic Association. The Chinese are acutely aware of US restrictions on the export of high technology goods to China. You will want to convey our decisions to facilitate technology transfers in support of all four Chinese modernizations -- including defense -- and to seek remedial action with Congress on legislation, mostly dating from the 1950s, which restricts dealings with China and lumps it with the Soviet/Warsaw Pact countries.

4. Taiwan. There are two key points: "officiality" and arms sales. You should reiterate the President's commitment

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to the Joint Communiqué of January 1, 1979 as the basis for normalization of US-China relations. You must anticipate some fairly strong complaints about the Taiwan Relations Act (TRA), which Beijing regards as incompatible with the Joint Communiqué. Our position is that the TRA can and will be implemented in a manner consistent with the normalization understandings in the Joint Communiqué. The two documents are thus not in conflict.

Beijing considers Taiwan arms sales contrary to our recognition of Beijing as the government of all China. We discussed this issue extensively in the normalization negotiations but could not reach agreement. The US made clear that arms sales to Taiwan would continue, but that they would be handled "prudently," with due regard for Chinese sensitivities. The Chinese objected, but went ahead with normalization, reserving the right to discuss the issue with us later.

Beijing has now urged a moratorium on new arms sales to Taiwan, at least until other aspects of the US-China relationship are fully back on track. We should not compromise our interest in selling modest quantities of weapons similar to those already in Taiwan's inventory, but it is in our interest to keep PRC-Taiwan tensions low and avoid steps which might cause Beijing to alter its anti-Soviet and anti-Vietnamese priorities to address changes in Taiwan's capabilities.

You could point to rapidly growing mainland-Taiwan trade and contacts in third countries as evidence that progress toward reconciliation is occurring in an atmosphere of decreasing tensions in the Taiwan Strait. You should state our interest in seeing this progress continue while avoiding any implication that we see a role for ourselves in brokering a deal.

You should ask the Chinese to reaffirm their intention patiently to pursue a peaceful settlement of the Taiwan question that respects existing realities on the island. You should also ask that they not overreact to inadvertent and inconsequential actions and statements by US local and state--and, occasionally, even federal--officials. Beijing needs to understand that prudence and restraint must work both ways.

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